

## Message Text

UNCLASSIFIED

PAGE 01 STATE 121276

64

ORIGIN TRSE-00

INFO OCT-01 NEA-10 ISO-00 EB-07 L-03 AF-06 ARA-10 EA-10

EUR-12 PCH-04 SP-02 AID-05 NSC-05 CIEP-02 SS-15

STR-04 OMB-01 CEA-01 CIAE-00 COME-00 FRB-01 INR-07

NSAE-00 USIA-15 XMB-04 OPIC-06 LAB-04 SIL-01 H-02

DODE-00 PA-02 PRS-01 FTC-01 /142 R

66614

DRAFTED BY: TRSY:MBLAKE

APPROVED BY: EF/IFD/OIA:RJSMTIH

TRSY:MR GRIFFIN

L/EB:SBOND

ARA/ECP:GOLSEN

EUR/RPE:MLEVINE

TRSY:MR BENNETT

AF/EPS:LWHITE

EA/EP:AGEBER

NEA/RA:HMMONTGOMERY

----- 064162

R 232034Z MAY 75

FM SECSTATE WASHDC

TO ALDIP

AMCONSUL HONG KONG

AMCONSUL CURACAO

USINT BAGHDAD BY POUCH

USLO PEKING

UNCLAS STATE 121276

INFORM CONSULS

E.O. 11652: NA

TAGS: EINV

SUBJECT: NEW ADMINISTRATIVE PROCEDURES ON FOREIGN INVEST-  
MENT IN THE UNITED STATES

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 STATE 121276

REF: STATE 079562

1. ON MAY 7, PRESIDENT FORD SIGNED EXECUTIVE ORDER 11858 TO IMPLEMENT NEW ADMINISTRATIVE ARRANGEMENTS RELATING TO FOREIGN INVESTMENT IN THE U.S. PURSUANT TO EXECUTIVE ORDER, THE FOLLOWING ARE BEING ESTABLISHED:

A. COMMITTEE ON FOREIGN INVESTMENT IN U.S., TO BE COMPOSED OF REPRESENTATIVES (NOT BELOW LEVEL OF ASSISTANT SECRETARY) OF SECRETARIES OF STATE, TREASURY, DEFENSE, AND COMMERCE AND OF ASSISTANT TO PRESIDENT FOR ECONOMIC AFFAIRS AND CIEP EXECUTIVE DIRECTOR. REPRESENTATIVE OF TREASURY SECRETARY IS TO BE COMMITTEE CHAIRMAN, AND UNDER SECRETARY FOR MONETARY AFFAIRS JACK BENNETT HAS BEEN DESIGNATED. COMMITTEE WILL ASSESS GENERAL TRENDS AND SIGNIFICANT DEVELOPMENTS IN FOREIGN INVESTMENT AND REVIEW INVESTMENTS IN THE U.S. WHICH, IN COMMITTEE'S JUDGMENT, MIGHT HAVE MAJOR IMPLICATIONS FOR U.S. NATIONAL INTERESTS. COMMITTEE WILL ALSO OVERSEE ARRANGEMENTS ON ADVANCE CONSULTATIONS WITH FOREIGN GOVERNMENTS ON SPECIFIC MAJOR PROSPECTIVE

INVESTMENTS BY SUCH GOVERNMENTS. IT WILL BE RESPONSIBLE FOR CONSIDERING PROPOSALS FOR NEW LEGISLATION OR ADDITIONAL ADMINISTRATIVE ACTIONS. AS NEED ARISES, THE COMMITTEE WILL MAKE RECOMMENDATIONS TO THE NSC AND THE EPB.

B. OFFICE OF FOREIGN INVESTMENT IN THE UNITED STATES, IN THE DEPARTMENT OF COMMERCE TO OBTAIN, CONSOLIDATE, AND ANALYZE INFORMATION ON FOREIGN INVESTMENT IN THIS COUNTRY AND ALSO SUBMIT TO COMMITTEE REPORTS, ANALYSES, DATA, AND RECOMMENDATIONS RELATING TO FOREIGN INVESTMENT IN THE UNITED STATES, INCLUDING RECOMMENDATIONS AS TO HOW INFORMATION ON SUCH INVESTMENT CAN BE KEPT CURRENT.

2. EXECUTIVE ORDER WAS PROMULGATED TO GIVE EFFECT TO STATEMENTS BY ADMINISTRATION WITNESSES IN HEARINGS MARCH 4 BEFORE SENATE SUBCOMMITTEE ON SECURITIES THAT ADMINISTRATION HAD MADE INTENSIVE REVIEW OF USG POLICY ON INWARD FOREIGN INVESTMENT AND CONSIDERED NEW LEGISLATION UNNECESSARY AT THIS TIME. (SEE REFTTEL.) AS INDICATED UNCLASSIFIED

UNCLASSIFIED

PAGE 03 STATE 121276

AT THAT TIME, HOWEVER, WE HAVE CONCLUDED THAT INVESTMENTS BY GOVERNMENTS MAY INVOLVE SPECIAL CONSIDERATIONS AND, THEREFORE, WE EXPECT FOREIGN GOVERNMENTS THAT ARE CONTEMPORATING MAJOR INVESTMENTS IN THE U.S. TO CONSULT WITH US ON SUCH INVESTMENTS.

3. WE WANT TO AVOID GIVING THE IMPRESSION THAT USG PLANS A GENERALIZED SCREENING PROCEDURE. WE EXPECT COMMITTEE

TO CONCERN ITSELF ONLY WITH A FEW EXCEPTIONAL CASES AND  
THUS DO NOT REGARD OUR NEW PROCEDURES AS A DEPARTURE FROM  
OUR TRADITIONAL OPEN-DOOR POLICY TOWARD FOREIGN INVEST-  
MENT IN THIS COUNTRY.

4. CONSULTATION PROCEDURE WILL GIVE USG OPPORTUNITY TO  
COMMENT ON INDIVIDUAL INVESTMENTS BY FOREIGN GOVERNMENTS  
WHICH, IF CONSUMMATED, MIGHT HAVE MAJOR IMPLICATIONS FOR  
THE NATIONAL INTEREST OR RAISE IMPORTANT PUBLIC POLICY  
ISSUES. USG VIEWS SUCH CONSULTATIONS AS BENEFICIAL TO  
PROSPECTIVE INVESTOR GOVERNMENTS AS WELL AS TO THE USG  
IN THAT THEY WILL REDUCE THE POSSIBILITIES FOR MISUNDER-  
STANDINGS.

5. CONSULTATIONS WILL BE LIMITED TO SPECIFIC, PROSPEC-  
TIVE INVESTMENT TRANSACTIONS, AND WE ARE SEEKING TO AVOID  
PRECISE OR RESTRICTIVE GUIDELINES AS TO KINDS OF INVEST-  
MENTS OF WHICH USG SHOULD BE NOTIFIED. CONSULTATION  
PROCEDURES WILL BE FLEXIBLE, AND EACH INVESTMENT THAT

COMES BEFORE THE COMMITTEE WILL BE CONSIDERED ON ITS  
MERITS. ADVANCE CONSULTATIONS WILL NOT BE EXPECTED IN  
CASE OF DIVERSIFIED PORTFOLIO INVESTMENTS IN U.S.  
CORPORATE SECURITIES EVEN THOUGH AGGREGATE AMOUNT BY A  
FOREIGN GOVERNMENTAL INVESTOR MAY BE SUBSTANTIAL. NOR DO  
FOREIGN GOVERNMENTAL INVESTMENTS IN U.S. GOVERNMENT SECUR-  
ITIES FALL WITHIN THESE TERMS OF REFERENCE. USG HAS NO  
WISH OR INTENT TO INTRUDE UNNECESSARILY UPON RELATION-  
SHIP BETWEEN FOREIGN GOVERNMENTAL INVESTORS AND THEIR  
INVESTMENT COUNSELORS.

6. ADDRESSEES ARE REQUESTED TO PROVIDE HOST GOVERNMENTS  
WITH COPIES OF EXECUTIVE ORDER AND PRESS RELEASE ISSUED  
UNCLASSIFIED

UNCLASSIFIED

PAGE 04 STATE 121276

AFTER FIRST MEETING OF COMMITTEE (BEING TRANSMITTED  
SEPTTEL). KISSINGER

NOTE BY OCT: POUCHED CURACAO AND BAGHDAD.

UNCLASSIFIED

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** LAW, FOREIGN INVESTMENTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 23 MAY 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975STATE121276  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** TRSY:MBLAKE  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D750184-0184  
**From:** STATE  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1975/newtext/t19750522/aaaaaths.tel  
**Line Count:** 157  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ORIGIN TRSE  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** 75 STATE 079562  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** CunninFX  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 25 JUL 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <25 JUL 2003 by maginmm>; APPROVED <03 FEB 2004 by CunninFX>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
05 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** NEW ADMINISTRATIVE PROCEDURES ON FOREIGN INVEST- MENT IN THE UNITED STATES  
**TAGS:** EINV, US  
**To:** ALL POSTS MULTIPLE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006